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April 3, 1997

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
Washington, D.C. 20554


Re: MD Docket No. 96-186

Dear Mr. Caton:

On behalf of the Missouri Broadcasters Association and its particular members mentioned therein, attached hereto for filing with the Commission are Reply Comments in the Commission's docket pertaining to the schedule of annual regulatory fees for mass media services, MD Docket No. 96-186.

The association would appreciate the staff's attention to the points raised herein.

Sincerely,

  
Gregg P. Skall  
Counsel to the Missouri  
Broadcasters Association

cc: Mr. Don Hicks  
Chairman Reed E. Hundt (via hand delivery)  
Commissioner James H. Quello (via hand delivery)  
Commissioner Andrew C. Barrett (via hand delivery)  
Commissioner Rachelle B. Chong (via hand delivery)  
Commissioner Susan Ness (via hand delivery)  
Mr. Roy J. Stewart (via hand delivery)

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Federal Communications Commission  
Office of Secretary

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

In the Matter of

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MD Docket No. 96-186

Amendment of Part I of the  
Commission's Rules Pertaining  
to the Schedule of Annual  
Regulatory Fees for Mass  
Media Services

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**APR 3 1997**

Federal Communications Commission  
Office of Secretary

To: The Commission

**REPLY COMMENTS OF THE  
MISSOURI BROADCASTERS ASSOCIATION**

The Missouri Broadcasters Association ("MBA"), is a non-profit, incorporated association of broadcast stations licensed to communities located in the State of Missouri. MBA counts among its members 26 television stations and 186 radio stations, comprising substantially all of the stations so licensed. MBA submits these Reply Comments on behalf of its members in connection with the Commission's Notice of Proposed Rulemaking pertaining to the schedule of annual regulatory fees.

MBA wishes by its Comments to advise the Commission of its strong support for the regulatory fee proposal of the National Association of Broadcasters. In MBA's view, it is critically necessary particularly for small market radio broadcasters, that the FCC adopt a flexible regulatory fee assessment program, gauged to the ability of particular classes of broadcasters to pay those fees.

The importance of this principle has become even more vivid over the past 12 months since the adoption of the Telecommunica-

tions Act of 1996, which paved the road for a substantial consolidation within the broadcasting industry. It is MBA's observation that most of the remaining family owned broadcasting businesses which have not been able to take advantage of the changing economics of the industry occasioned by the Telecommunications Act, are those broadcasting stations located in the smaller cities and towns providing vitally needed local services to their communities. A properly gauged regulatory fee system can make the critical difference in survival for some of these stations, without which a broad spectrum of important community information services would likely disappear.

Accordingly, MBA endorses the principles supporting the NAB's proposal that regulatory fee schedules should closely reflect differentials in station revenue potentials, and that those potentials are best measured by both the population served and the class of station licensed. Such appears already to have been recognized by the Commission in its Notice of Proposed Rulemaking wherein it stated that a system based on "population density and service area contours" appears to be the most equitable way of assessing regulatory fees on radio stations." Assessment and Collection of Regulatory Fees for Fiscal Year 1996, FCC 96-53, paragraph 20 (April 9, 1996).

To further this purpose, the NAB developed a database for the Commission's use in connection with determining radio regulatory fees. That database calculates both the area of each station's signal reach and the population which can be expected to be reached

within that area for every AM and FM station licensed by the Commission. The construction of a fee schedule based upon a matrix of FCC class of service and population density, such as that proposed by NAB in Attachment B to its December 20, 1996 Comments would bring the Commission closer to the goal of equitably distributing the regulatory fee burden than any other plan MBA has seen. By including class of station as a criteria, the Commission would recognize the principle that a smaller class of service station, for example a Class A FM, may earn a very different rate of return on capital investment than a superior class station, such as a Class C FM, which serves the same population number. For example, a Class A station, competing with several Class C stations, all licensed to the same medium sized market, is at a substantial competitive disadvantage which may significantly affect its ability to operate with a significant profit margin compared to the larger powered stations. A semi-rural Class C station, may well be able to realize a superior profit margin over the medium market Class A station, however, even though it is serving the same number of people. In such a situation, the Class A station deserves a larger discrepancy in fees from its Class C competitors than might be available on a pure population differential evaluation. Indeed, the Justice Department has identified station class as a significant factor in evaluating whether action under the Hart-Scott-Rodino Act, or Section 7 of the Clayton Act should be pursued.

In summary, MBA supports the Commission's use of data to establish a fee schedule based on both class of service and broad population groupings. The study performed for the NAB and the sample fee schedule that it attached to its Comments represent an excellent place to begin. MBA emphasizes that the Comments presented here represent the view of our entire association and membership. However, the following groups and individuals requested that they be specifically mentioned as personally endorsing these Comments as their own as if they were submitted individually under their own signatures:

- Each member of the Board of Directors
- Don Lynch, General Manager, KCLR/KCMO-FM, Columbia, Missouri
- Roger Hager, General Manager, KWOC-AM/KKLR-FM, Poplar Bluff, Missouri
- John Zimmer, General Manager, KZIM-AM/KEZS-FM, Cape Girardeau, Missouri
- Jerry Zimmer, Zimmer Radio Group, Cape Girardeau, Missouri
- James Zimmer, Zimmer Radio Group, Cape Girardeau, Missouri
- Don Zimmer, Zimmer Radio Group, Cape Girardeau, Missouri
- Bob Eckman, Ozark Radio Network, Thayer, Missouri
- Dave Shepherd, Shepherd Group, Moberly, Missouri

Respectfully submitted,

MISSOURI BROADCASTERS ASSOCIATION

By: 

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Its Attorney

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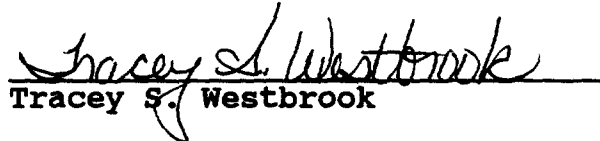
April 3, 1997

**CERTIFICATE OF SERVICE**

I, Tracey S. Westbrook, a secretary in the law firm of Pepper & Corazzini, L.L.P., do hereby certify that a true copy of the foregoing "Reply Comments" was sent this 3rd day of April, 1997 by U.S. first class mail, postage prepaid, to the following:

Jack Goodman, Esquire  
National Association of Broadcasters  
1771 N Street, N.W.  
Washington, D.C. 20036-2891

Montana Broadcasters Association  
P.O. Box 503  
Helena, Montana 59624

  
Tracey S. Westbrook

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